

Other People's Money

Becoming a Money Magnet



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R.E.S.U.L.T.S
MENTORING
Real Estate Success Using Leverage Tenacity & Strategy

Attracting Other People's Money

...requires

CREDIBILITY and CONFIDENCE

You must back yourself
before anyone else will

R.E.S.U.L.T.S
MENTORING
Real Estate Success Using Leverage Tenacity & Strategy

Establishing Credibility

- Value of experience (track record)
- What if you lack experience?
 - Merits of the deal
 - Present with confidence
 - Demonstrate due diligence
 - Leverage others' experience
 - Formalise proposal

Finding Money/JV Partners

- ❓ Friends & Family?
- ❓ Accountant/Solicitor?
- ❓ Letters / Cold Calling?
- ❓ Advertising?
 - beware ASIC rules



Finding Money/JV Partners

- Networking
 - At work
 - Investor meetings
 - *Actively* network!
 - Professional associations
 - Dinner parties / BBQs



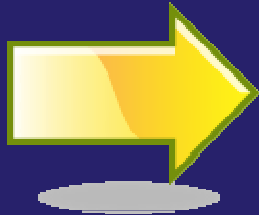
Finding Money/JV Partners



Be loud and proud
about your investing
and you'll attract interested people

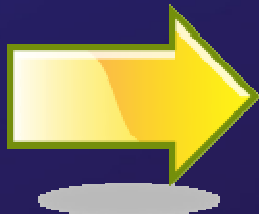
Money Partner v. JV Partner

- Borrowing capacity but no capital



Money Partner

- Insufficient borrowing capacity or skill gap



Joint Venture

Typical Workings: Money Partner

- You retain title
- You source 1st mortgage
- MP provides cash
- MP receives 2nd mortgage security &/or personal guarantees
- Must pay partner regardless of profits
- You control & manage the deal

Money Partner Proposals

- **S**ecurity
- **T**erms
- **R**eporting
- **I**nterest
- **K**nowledge
- **E**xperience

Typical Workings: JV

- Title held in partner's name, jointly, or within a jointly controlled structure
- Finance sourced by partner or jointly
- Returns are shared
- Risks are shared
- Management of deal *may* be shared

JV Proposals

- **F**unding
- **R**isks
- **E**xpertise
- **E**xpectations
- **D**ivision of Profit
- **O**rganisation / Structuring
- **M**anagement

Proposal Documents

- Brief(!) summary - 1 to 2 pgs max
- Supporting info in appendix
- What to communicate
 - How much down, back, time, risk?
 - Money Partners: **S.T.R.I.K.E.**
 - JV Partners: **F.R.E.E.D.O.M.**

Negotiating

- Typical Money Partner returns
- Typical JV profit shares
- S/he who says the number first...
- Ask what the partner would be happy with, then negotiate

Critical Success Factors

- **Due diligence** on partner
- **Good legal documentation**
 - Avoid 'template' agreements
- **Defined roles & responsibilities**
- **Setting & managing expectations**

More Sources of O.P.M.

- Vendor Carrybacks
- Private Lenders
- ...